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THE CONTINUED UNDERFUNDING OF SOCIAL ASSISTANCE IN ONTARIO:

AN ANALYSIS OF 1983 RATES IN ONTARIO

A participant in the United Way

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Social Planning Council
of Metropolitan Toronto
185 Bloor St. East, 3rd floor
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December 1982

Price: $3.00

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INTRODUCTION

This report is composed of a series of tables which provide an analysis of the increases in welfare rates announced by Ontario Community and Social Services Minister Frank Drea on October 28, 1982, for implementation on November 1, 1982 and January 1, 1983.

The analysis demonstrates that the increases will do little to improve the plight of Ontario's social assistance recipients in 1983. While directing selective increases at particular classes of recipients hardest hit by Ontario's continuing underfunding of welfare programs, the recent increases will still leave those on social assistance with real incomes considerably below 1975 levels.

The real purchasing power of those on welfare next year will remain between $496 and $1,355 less than it was in 1975. For those who do not receive the maximum shelter allowance, the gap is even larger. Additional increases in monthly benefits of 9 to 21 per cent are needed now to eliminate this income shortfall (see Table 1).

The Social Planning Council has for many years published periodically Guides for Family Budgeting which details the minimum quantity of goods and services and living level which individuals and families in Metropolitan Toronto require to lead socially acceptable lives. The cost of the total of items in the budget guides may be referred to as the "adequacy" line. Similarly, Statistics Canada publish low-income cut-off lines, which have come to be referred to as "poverty" lines. The Social Planning Council adequacy line tends to be only slightly higher than the poverty line, and together they can be taken to indicate the income required to live at a level that is considered minimally adequate both locally and nationally.

Table 2 demonstrates that the incomes of people on welfare will continue to fall well below any acceptable standard of adequacy in 1983. Depending on family size and composition, annual incomes of those on General Welfare are only 44 to 56 per cent of the budget adequacy line, and 43 to 54 per cent of the poverty line. Incomes on Family Benefits

range from 54 to 62 per cent of the budget adequacy line and from 56 to 62 per cent of the poverty line. Even the disabled on GAINS-D have total incomes equal to only 59 to 71 per cent of these adequacy measures.

Table 3 brings the issue of continuing underfunding of social assistance programs into sharper focus by looking at changes in the composition of recipients' incomes. The monthly benefits of those on welfare has declined by 22 to 29 per cent since 1975. The income from the province's property tax credit program has also declined substantially - from 36 to 40 per cent. By contrast, the federal child-related income transfers have grown in real terms by more than 26 per cent. The federal government finances 50 per cent of basic welfare and family benefits under the Canada Assistance Plan and 100 per cent of family allowances and the refundable child tax credit. Provincial and local governments fund 50 per cent of the basic benefits and the shelter allowance and 100 per cent of the provincial property and sales tax credits. Taking the various sources of income of social assistance recipients together, federal payments to recipients with children have increased from about 54 per cent of the total in 1975 to a projected 58 per cent in 1983, while the provincial and local share has declined accordingly.

These federal transfers have cushioned the impact of provincial underfunding for families with children. The selective nature of benefit increases announced in October 1982, with money directed toward single employables, unemployables and single women between 60 and 64, recognizes that recipients without children have been hardest hit by reduced provincial spending on welfare.

Figure 1 makes clear just how far behind increases in the cost of living monthly benefit rates have been allowed to fall. And the gap continues to widen. By the end of next year, the cost of living will have increased by 104.6 per cent since 1975. Monthly benefits on General Welfare have been raised only 41.4 per cent, and on Family Benefits/GAINS-D only 52.8 per cent during the same period.

Table 4 examines how well Ontario compares with the other provinces across Canada as a welfare provider. In the case of a mother

with one child, Ontario ranks ninth in short-term rates (GWA) and fifth in long-term rates (FBA). With the federal and/or provincial income supplements available in each province added in, Ontario retains its fifth place ranking. Ontario's level of monthly benefits to a four-person family with an employable head, gives this province an eighth place ranking.

The underfunding of social assistance programs does not appear to be a long-term national trend. The relationship of social assistance incomes to average incomes was constant throughout the 1970's at about one-fifth. Ontario's policy of underfunding social assistance, as can be seen in Table 5, appears to be somewhat unique. Ontario's rank amongst the provinces moved from third place in 1971 to ninth place in 1979.

Inter-provincial comparisons are made difficult by the fact that the shelter component of monthly benefits is handled so differently across the country. Table 6 attempts to address this problem by looking specifically at monthly after-shelter income for a two person and four person family. For a mother with one child, the monthly after-shelter income in Ontario of $263 results in a fourth place ranking. The four person family did not fare nearly as well with an after-shelter income of $251., ranking a distant ninth. Due to the substantially higher shelter costs faced by the four person family, their after-shelter benefits from social assistance were found to be less than that for the two person family.

The remaining tables provide additional background material documenting that monthly benefits are a declining proportion of recipients total incomes, and that those persons living in rent-geared-to-income housing continue to be at a significant economic advantage when contrasted with those who must rent on the private market. This analysis suggests that the most significant, as well as most equitable change, that Ontario could make in the future in its rates would be to increase the shelter component substantially.

Table 1

INCREASES IN MONTHLY BENEFITS NEEDED TO RESTORE THE REAL PURCHASING POWER OF SOCIAL ASSISTANCE RECIPIENTS, IN 1983, TO 1975 LEVELS

	Projected Total Income for 1983	1975 Income Expressed in 1983 Dollars	Shortfall in Real Income Since 1975	Monthly Benefit Rates		
				New Rates for 1983	Increase Needed to Eliminate Shortfall*	Per Cent Increase Required
General Welfare						
Singe Person under 65	4,184	4,680	496	250	42	16.8
Mother, One Child	6,885	7,816	931	404	78	19.3
Mother, Three Children	9,883	10,836	953	517	80	15.5
Mother, Father, 2 Children	9,738	11,093	1,355	562	113	20.1
Family Benefits						
Mother, One Child	7,851	8,520	669	481	56	11.6
Mother, Three children	11,083	11,721	638	610	54	8.9
Mother, Father, 2 Children	11,132	12,130	998	668	84	12.6
Mother, Father, 3 Children	12,617	13,499	882	723	74	10.2
GAINS-D						
Single Person under 65	5,768	6,352	584	382	49	12.8
Couple (one disabled)	8,648	9,812	1,164	608	97	16.0
Mother, One Child	8,931	9,894	963	571	81	14.2
Mother, Father, 2 Children	12,200	13,505	1,305	757	109	14.4

Note: The total income figures used to derive these shortfalls include more than simply the monthly benefits of recipients. In addition, they include the maximum possible shelter allowance, all federal child-related income transfers where applicable, Ontario property and sales tax credits, and the back-to-school allowance.

* represents the increase in monthly benefits needed to fully restore the total incomes of social assistance recipients in 1983, to 1975 levels. Income shortfall calculations anticipate increases in the cost of living of 10.7 per cent in 1982, and 8.0 per cent in 1983.

Table 2

PER CENT ADEQUACY OF SOCIAL ASSISTANCE INCOMES, 1983

FAMILY COMPOSITION	GENERAL WELFARE				FAMILY BENEFITS				GAINS - D			
		As a Per Cent of:				As a Per Cent of:				As a Per Cent of:		
	Total Income	Budget Guides	Poverty Line	Median Income	Total Income	Budget Guides	Poverty Line	Median Income	Total Income	Budget Guides	Poverty Line	Median Income
Single Person Under 65	$4,184	43.6	43.5	24.5	$ 5,768	60.1	60.0	33.8	$ 5,768	60.1	60.0	33.8
Mother, Child 4	6,885	54.7	54.3	25.1	7,851	62.3	61.9	28.6	8,931	70.9	70.4	32.5
Couple	6,536	48.0	51.5	23.8	7,568	55.5	59.6	27.5	8,648	63.5	68.1	31.5
Mother, Children 3 & 8	8,416	54.2	49.6	24.8	9,466	61.0	55.8	27.9	10,546	68.0	62.1	31.1
Mother, Children 3,6 & 8	9,883	55.7	50.5	26.1	11,083	62.5	56.7	29.3	12,175	68.7	62.2	32.2
Mother, Father, Children 10 & 13	9,738	47.4	49.8	25.7	11,132	54.2	56.9	29.4	12,200	59.4	62.4	32.2

Note: The median income figure for one person households is derived from those where the largest source of income was wages and salaries. Budget Guide figures are net of taxes and tax credits and represent income needed to purchase 'budgetary requirements'. These requirements exclude OHIP and drug benefit costs as these are provided free to all recipients of social assistance.

Sources: Measuring Poverty: 1982 Poverty Lines, National Council of Welfare 1982; Guides for Family Budgeting, 1981 Social Planning Council of Metropolitan Toronto, 1981; Income Distribution by Size in Canada, 1979, 1980 and 1981 (Prelim), Statistics Canada.

Table 3

CHANGES IN THE COMPOSITION OF SOCIAL ASSISTANCE
RECIPIENTS REAL INCOMES, 1975 TO 1983
(1983 CONSTANT DOLLARS)

	Sources of Income	General Welfare			Family Benefits/GAINS-D*		
		1975	1983	% Change	1975	1983	% Change
Single Person Under Age 65	Federal Transfers	--	--	--	--	--	--
	Monthly Benefits	4,203	3,000	-28.6	5,875	4,584	-22.0
	Property & Sales Tax Credits	477	284	-40.5	477	284	-40.5
	Max. Shelter Allowance	--	900	--	--	900	--
	TOTAL INCOME	4,680	4,184	-10.6	6,352	5,768	- 9.2
Mother, Child 4	Federal Transfers	543	685	26.2	543	685	26.2
	Monthly Benefits	6,745	4,848	-28.1	7,449	5,814	-21.9
	Property & Sales Tax Credits	528	332	-37.1	528	332	-37.1
	Max. Shelter Allowance	--	1,020	--	--	1,020	--
	TOTAL INCOME	7,816	6,885	-11.9	8,520	7,851	- 7.9
Mother, Children, 3,6,8	Federal Transfers	1,627	2,055	26.3	1,627	2,055	26.3
	Monthly Benefits	8,643	6,204	-28.2	9,528	7,404	-22.3
	Property & Sales Tax Credits	566	364	-35.7	566	364	-35.7
	Max. Shelter Allowance	--	1,260	--	--	1,260	--
	TOTAL INCOME	10,836	9,883	- 8.8	11,721	11,083	- 5.4
Mother, Father, Children, 10, 13	Federal Transfers	1,085	1,370	26.3	1,085	1,370	26.3
	Monthly Benefits	9,442	6,744	-28.6	11,854	9,206	-22.3
	Property & Sales Tax Credits	566	364	-35.7	566	364	-35.7
	Max. Shelter Allowance	--	1,260	--	--	1,260	--
	TOTAL INCOME	11,093	9,738	-12.2	13,505	12,200	- 9.7

* The single person and two parent family are based on GAINS-D rates, while the sole support parent families use FBA rates.

Figure 1

INCREASES IN MONTHLY BENEFITS AND
THE COST OF LIVING SINCE 1975

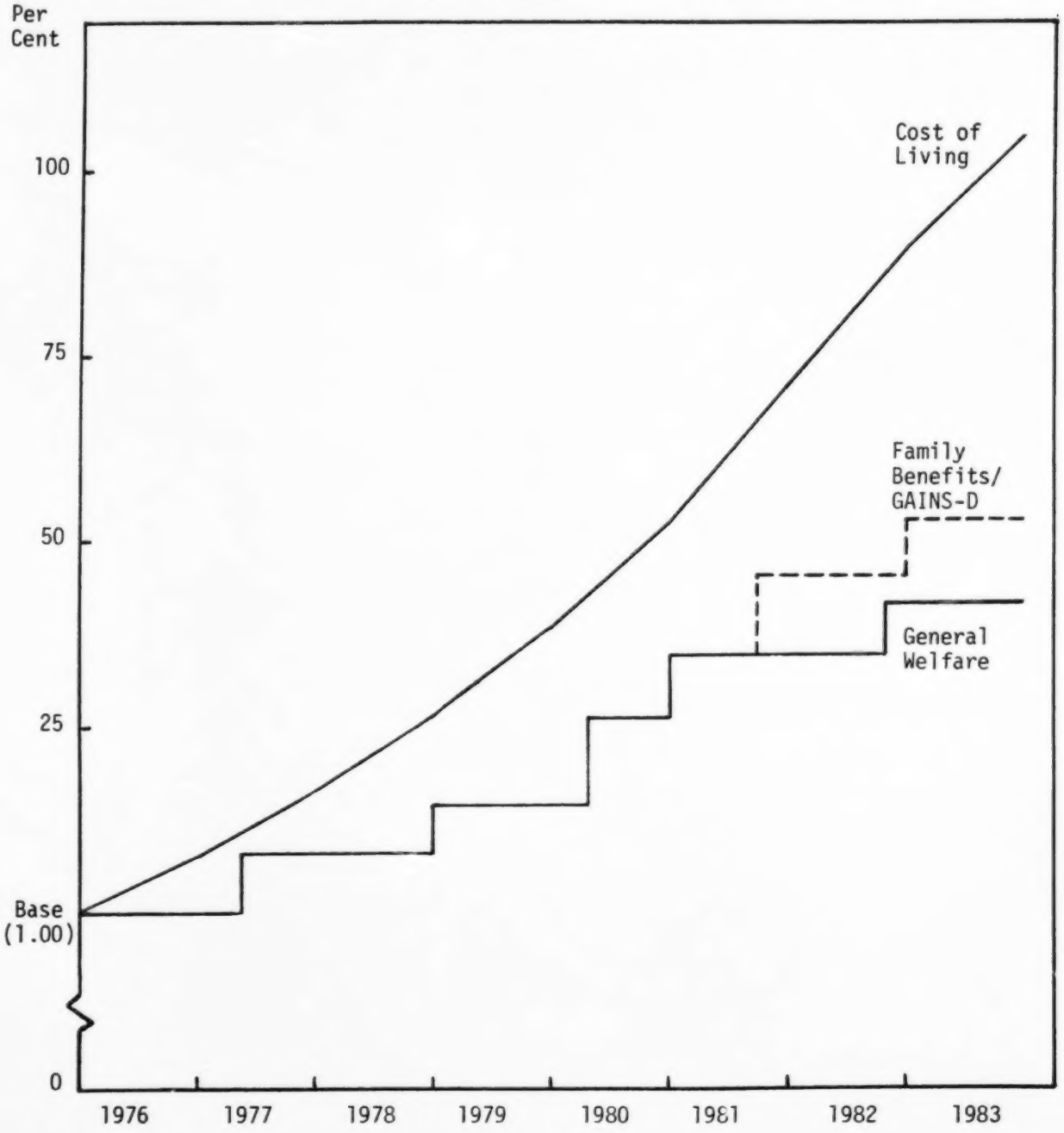

Table 4

MONTHLY WELFARE BENEFITS ACROSS CANADA, 1982[1]

	Single Parent, Child Age 4						Two Adults Children 10,13	
Province	Short-Term[2] Rate	Rank	Long-Term[2] Rate	Rank	Supple-[3] mented Incomes	Rank	Rate	Rank
Newfoundland	546	4	546	6	595	7	644	9
P.E.I.	523	5	523	7	577	9	760	6
Nova Scotia	520	6	572	4	621	6	805	4
New Brunswick	519	7	519	8	568	10	558	10
Quebec	513	8	513	9	587	8	685	7
Ontario	489	9	566	5	641	5	667	8
Manitoba	451	10	500	10	687	4	794	5
Saskatchewan	686	1	686	2	696	3	1,011	2
Alberta	663	2	733	1	803	1	1,066	1
B.C.	640	3	640	3	701	2	870	3

Notes: 1) The rate structurescontained in this table include only basic needs, and where dealt with separately, the maximum contribution toward the cost of shelter available in each province.

2) The distinction between short-term and long-term rates reflects the fact that some provinces have a qualifying period, usually three or four months after which certain classes of recipients can be transferred to a higher benefit category.

3) Supplemented incomes includes income from all federal and provincial income supplementation programs for which recipients would be eligible in each provincial jurisdiction, pro-rated on a monthly basis.

Sources: Policy, Planning and Information Branch, Health and Welfare Canada; Apartment Rental Surveys, Canada Mortgage and Housing Corporation.

Table 5

INCOME OF SOCIAL ASSISTANCE RECIPIENTS
AS PER CENT OF PROVINCIAL AVERAGE INCOME

	1971	1975	1979
Newfoundland	.24	.18	.21
Prince Edward Island	.10	.19	.23
Nova Scotia	.21	.20	.20
New Brunswick	.20	.32	.25
Quebec	.25	.23	.21
Ontario	.23	.20	.19
Manitoba	.20	.16	.17
Saskatchewan	.20	.15	.24
Alberta	.22	.20	.22
British Columbia	.21	.21	.27
Canada	.20	.17	.20

Sources: Canada Assistance Plan, Annual Reports and Statistics Canada, Social Security - National Programs, Volume 6, Social Allowances and Services, 1982 (Catalogue 86-510).

Table 6

MONTHLY AFTER SHELTER INCOME FOR OTHER BASIC NEEDS

Province	One Parent/One Child (4 Years Old)				Two Parents/Two Children (Aged 10, 13)			
	Monthly Benefits[1]	Shelter Cost[2]	Amount Remaining	Rank	Monthly Benefits[1]	Shelter Cost[2]	Amount Remaining	Rank
Newfoundland	546	228	318	2	644	278	366	8
P.E.I.	523	310	213	9	760	355	405	6
Nova Scotia	572	359	213	10	805	392	413	5
New Brunswick	519	265	254	6	558	315	243	10
Quebec	513	276	237	8	685	315	370	7
Ontario	566	303	263	4	667	416	251	9
Manitoba	500	258	242	7	794	314	480	3
Saskatchewan	686	355	331	1	1,011	415	596	1
Alberta	733	475	258	5	1,066	560	506	2
B.C.	640	340	300	3	870	455	415	4

Notes: 1) Monthly benefits are based on long-term rates.

2) Where the provincial benefit rates include a shelter component designed to reflect prevailing market rents, the maximum allowable rental component was used. Where this was not the case - New Brunswick, Quebec and Ontario - data from CMHC apartment rental surveys was substituted.

Sources: Policy, Planning and Information Branch, Health and Welfare Canada; Apartment Rental Surveys, Canada Mortgage and Housing Corporation.

Table 7

COMPOSITION OF SOCIAL ASSISTANCE RECIPIENTS INCOMES
BY SOURCE FOR FOUR TYPICAL FAMILIES, 1983

	Sources of Income	General Welfare		Family Benefits		GAINS-D	
		Actual Amount	Per Cent of Total	Actual Amount	Per Cent of Total	Actual Amount	Per Cent of Total
Single Person Under Age 65	Federal Transfers	--	--	--	--	--	--
	Monthly Benefits	$3,000	71.7	$4,584	79.5	$4,584	79.5
	Max.Shelter Allowance	900	21.5	900	15.6	900	15.6
	Property & Sales Tax Credits	284	6.8	284	4.9	284	4.9
	Total Income:	$4,184	100.0	$5,768	100.0	$5,768	100.0
Mother, Child 4	Federal Transfers	$ 685	9.9	$ 685	8.7	$ 685	7.7
	Monthly Benefits	4,848	70.4	5,814	74.1	6,894	77.2
	Max. Shelter Allowance	1,020	14.8	1,020	13.0	1,020	11.4
	Property & Sales Tax Credits	332	4.8	332	4.2	332	3.7
	Total Income:	$6,885	100.0	$7,851	100.0	$8,931	100.0
Mother, Children 3,6,8	Federal Transfers	$2,055	20.8	$2,055	18.5	$2,055	16.9
	Monthly Benefits	6,204	62.8	7,404	66.8	8,496	69.8
	Max. Shelter Allowance	1,260	12.7	1,260	11.4	1,260	10.3
	Property & Sales Tax Credits	364	3.7	364	3.3	364	3.0
	Total Income:	$9,883	100.0	$11,083	100.0	$12,175	100.0
Mother, Father, Children 10,13	Federal Transfers	$1,370	14.1	$1,370	12.3	$1,370	11.2
	Monthly Benefits	6,744	69.3	8,138	73.1	9,206	75.5
	Max. Shelter Allowance	1,260	12.9	1,260	11.3	1,260	10.3
	Property & Sales Tax Credits	364	3.7	364	3.3	364	3.0
	Total Income:	$9,738	100.0	$11,132	100.0	$12,200	100.0

Table 8

CHANGES IN THE COMPOSITION OF SOCIAL ASSISTANCE RECIPIENTS INCOMES BY SOURCE FOR FOUR TYPICAL FAMILIES, 1971 - 1983

	Sources of Income	General Welfare				Family Benefits			
		1971 %	1975 %	1979 %	1983 %	1971 %	1975 %	1979 %	1983 %
Single person Under Age 65	Federal Transfers	-	-	-	-				
	Monthly Benefits	100.0	89.8	90.5	71.7	n.a.	n.a.	n.a.	n.a
	Max. Shelter Allowance	-	-	-	21.5				
	Property & Sales Tax Credits	-	10.2	9.5	6.8				
Mother, Child 4	Federal Transfers	3.0	6.9	9.5	9.9	3.0	6.4	8.7	8.7
	Monthly Benefits	97.0	86.3	84.2	70.4	97.0	87.4	85.5	74.1
	Max. Shelter Allowance	-	-	-	14.8	-	-	-	13.0
	Property & Sales Tax Credits	-	6.8	6.3	4.8	-	6.2	5.8	4.2
Mother, Children 3,6,8	Federal Transfers	6.6	15.0	20.0	20.8	6.6	13.9	18.4	18.5
	Monthly Benefits	93.4	79.8	75.3	62.8	93.4	81.3	77.2	66.8
	Max. Shelter Allowance	-	-	-	12.7	-	-	-	11.4
	Property & Sales Tax Credits	-	5.2	4.7	3.7	-	4.8	4.4	3.3
Mother, Father, Children 10,13	Federal Transfers	5.4	9.8	13.3	14.1	5.4	8.9	12.1	12.3
	Monthly Benefits	94.6	85.1	82.0	69.3	94.6	86.4	83.6	73.1
	Max. Shelter Allowance	-	-	-	12.9	-	-	-	11.3
	Property & Sales Tax Credits	-	5.1	4.7	3.7	-	4.7	4.3	3.3

Table 9

IMPACT OF SUBSIDIZED HOUSING ON THE DISPOSABLE INCOME OF SOCIAL ASSISTANCE RECIPIENTS IN MEETING OTHER BASIC NEEDS

Disposable Income of:	General Welfare Assistance		Family Benefits		GAINS - D	
	Subsidized Housing	Rent on Private Market	Subsidized Housing	Rent on Private Market	Subsidized Housing	Rent on Private Market
Single Person Under Age 65	175	76	-	-	307	208
Mother, Child 4	274	133	351	210	441	300
Mother, Children 3, 6, 8	377	206	470	299	561	390
Mother, Father, Children 10, 13	422	251	528	357	617	446

Note: Disposable income is the residual amount of monthly benefits, after shelter costs, left to recipients in meeting their other basic needs including food, clothing, household goods and transportation. Federal child-related transfers as well as property and sales tax credits have been omitted.

Table 10

ADEQUACY MEASURES AS A PROPORTION OF MEDIAN INCOMES IN ONTARIO, 1983

MEDIAN INCOME	FAMILY SIZE	COMPOSITION	LOW-INCOME CUT-OFFS "POVERTY LINE"	PER CENT OF MEDIAN	BUDGET GUIDES	PER CENT OF MEDIAN
$17,055	1	Single Person Under 65	$ 9,619	56.4	$ 9,593	56.2
$27,471	2	Mother, Child 4	12,691	46.2	12,597	45.9
$27,471	2	Couple	12,691	46.2	13,629	49.6
$33,920	3	Mother, Children 3 and 8	16,977	50.1	15,514	45.7
$37,861	4	Mother, Children 3, 6, and 8	19,563	51.7	17,732	46.8
$37,861	4	Mother, Father Children 10 and 13	19,563	51.7	20,530	54.2